

Message Text

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ACTION EUR-12

INFO OCT-01 EA-10 IO-13 ISO-00 AID-05 CEA-01 CIAE-00
COME-00 EB-08 FRB-03 INR-10 NEA-10 NSAE-00
USIA-06 OPIC-03 SP-02 TRSE-00 LAB-04 SIL-01
AGRE-00 OMB-01 SS-15 STR-07 FTC-01 JUSE-00 /113 W
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R 282117Z MAR 78
FM AMEMBASSY PARIS
TO SECSTATE WASHDC 9199
INFO AMEMBASSY TOKYO
AMEMBASSY LONDON
USMISSION GENEVA

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USOECD

E.O. 11652: N/A
TAGS: ETRD, OECD
SUBJECT: JAPAN/UK ARRANGEMENT ON CARS

1. ON MARCH 24 TRADE ADVISER OF JAPANESE DEL TO OECD
(NOGAMI) CALLED ON MISSION OFFICERS TO EXPLAIN
JAPANESE/UK ARRANGEMENT ON CARS. HE SAID GOJ WISHED
TO PROVIDE FULL INFORMATION TO U.S. ABOUT THIS AR-
RANGEMENT BUT DID NOT WANT TO NOTIFY OR INFORM OECD
AS SUCH OR HAVE A MULTILATERAL DISCUSSION OF IT.
MISSION WAS GIVEN COPIES OF FEBRUARY JOINT COMMUNIQUE
OF JAPANESE/UK AUTO MANUFACTURERS AND (NOGAMI SAID
THIS WAS ON A PERSONAL BASIS) A COPY OF THE MITI/UK
LETTER (TEXT SAME AS REPORTED LONDON 37331.

2. IN HIS EXPLANATION, NOGAMI STRESSED THE INFORMAL
NATURE OF THE MITI/UK LETTER, NOTING THAT IT WAS NOT
FROM THE FOREIGN OFFICE OR EVEN THE EXTERNAL RELATIONS
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SECTION OF MITI, BUT FROM THE DIRECTOR GENERAL OF
THE DIVISION CHARGED WITH THE AUTO INDUSTRY. LETTER
DID NOT CONSTITUTE AN "AGREEMENT" OR COMMITMENT BY
THE GOJ AND WAS NOT THE SAME AS THE CONTROLS ON EXPORTS
OF STEEL TO THE EC OR COLOR TVS TO THE U.S. JAPAN
WISHED TO PLAY THE ARRANGEMENT IN A VERY LOW KEY WAY
TO AVOID PRESSURES FROM OTHER EUROPEANS FOR SIMILAR

TREATMENT. NOGAMI CITED FRANCE AS A PARTICULAR PROBLEM IN THIS RESPECT, AND SAID GOF WAS INTERESTED IN DIVIDING UP EXPORT MARKETS (SOUTHEAST ASIA FOR JAPAN, AFRICA FOR FRANCE) IN AUTO SECTOR AS WELL AS HOLDING JAPANESE SHARE OF FRENCH MARKET TO 2 PERCENT OR SO. FINALLY, JAPANESE WERE IN PROCESS OF SHIFTING THEIR POSITION ON SELECTIVE SAFEGUARDS IN MTN)MOVING TOWARD ACCEPTING THEM AS LONG AS THERE WERE STRONG CONTROLS OVER THEIR USE), AND NOGAMI SAID GOJ FELT MULTILATERAL DISCUSSION OF CAR ARRANGEMENT WOULD BE COUNTER PRODUCTIVE IN THIS CONTEXT.

3. ON PERSONAL BASIS MISSION OFFICERS COMMENTED THAT JAPAN/UK ARRANGEMENT WAS UNFORTUNATE AND LIKELY TO LEAD TO INCREASED PRESSURES FOR TRADE RESTRICTIVE MEASURES IN OTHER QUARTERS. HAVING MADE SUCH AN ARRANGEMENT, THERE WAS MUCH TO BE SAID FOR MAKING IT PUBLICLY KNOWN AND ENCOURAGING INTERNATIONAL DISCUSSION. WE SUGGESTED BEST WAY TO AVOID DEMANDS BY OTHERS FOR A SIMILAR DEAL WITH JAPAN MIGHT BE TO SUBJECT THEMSELVES AND UK TO CRITICISM RATHER THAN SWEEPING IT UNDER THE RUG. IF ARRANGEMENTS LIKE THIS WERE NOT PUBLICLY DISCUSSED SUSPICION WOULD GROW THAT SUCH DEALS WERE PROLIFERATING AND THIS WOULD ERODE CONFIDENCE IN THE OPENESS OF THE SYSTEM. IN ADDITION, WE NOTED THAT, TO EXTENT "GUIDANCE" WAS EFFECTIVE, LIMITED OFFICIAL USE

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GOJ SEEMED TO HAVE INVENTED ONE MORE WAY FOR OTHERS TO CIRCUMVENT ACCEPTED TRADING RULES AND THE TRANSPARENCY THEY PROVIDED.

4. NOGAMI ADMITTED THAT HE EXPECTED GUIDANCE TO BE QUITE EFFECTIVE. HE REPEATED HIS VIEW, HOWEVER, THAT OPEN DISCUSSION OF CAR LETTER WOULD NOT BE HELPFUL. HE SAID THAT ONCE A NEW SAFEGUARD ARRANGEMENT HAD BEEN NEGOTIATED IN MTN, GOJ WOULD BE IN STRONGER POSITION TO REFUSE REQUESTS BY OTHERS TO TAKE ACTION OUTSIDE IT, INCLUDING LETTERS OF THIS SORT. IN THE MEANTIME, HE NOTED THAT TECHNIQUE OF "ADMINISTRATIVE GUIDANCE" WAS UNIQUE TO JAPAN AND SAID IMPLICATIONS FOR THE TRADING SYSTEM AS A WHOLE SHOULD NOT BE EXAGGERATED.
SALZMAN

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Message Attributes

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Draft Date: 28 mar 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
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